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Message Text

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ORIGIN EB-08

INFO OCT-01 NEA-10 IO-13 ISO-00 COME-00 STR-04 FEA-01
AGRE-00 CEA-01 CIAE-00 DODE-00 FRB-03 H-01 INR-07
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05
SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01
/098 R

DRAFTED BY EB/OT/TA:RLWHITE:JVM
APPROVED BY EB/OT/TA:DJDUNFORD
NEA/RA:DMORRISON
COMMERCE:MPRUIETT
NEA/INS:JGRAHAME
NEA/PAB:JMULLIGAN
STR:HLAWRENCE
----------105936 300117Z /62
R 292153Z AUG 77
FM SECSTATE WASHDC
TO AMEMBASSY NEW DELHI
AMEMBASSY ISLAMABAD
INFO USMISSION GENEVA

C O N F I D E N T I A L STATE 206356

USMTN

E.O. 11652: GDS

TAGS: ETRD, MTN

SUBJECT: NON-TARIFF MEASURES NOTIFICATIONS

1. THE USG HAS PREPARED NOTIFICATIONS ON NON-TARIFF MEASURES (NTM) TO BE NOTIFIED TO PARTICIPANTS IN THE MULTILATERAL TRADE NEGOTIATIONS (MTN) IN SEPTEMBER (130 NOTIFICATIONS ON NON-TARIFF MEASURES NOT DEALT WITH MULTILATERALLY, 1,000 ON QUANTITATIVE RESTRICTIONS AND
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60 ON CUSTOMS PROBLEMS). DURING SEPTEMBER AND OCTOBER, OUR MTN DELEGATION WILL BE CONSULTING WITH OTHER DELEGATIONS TO GET COMMENTS ON THE ACCURACY OF OUR NOTIFICATIONS AND THE REASONS FOR THE NON-TARIFF MEASURES. AT THE SAME TIME, THE U.S. WILL BE RESPONDING TO NOTIFICATIONS MADE AGAINST U.S. PRACTICES.

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2. THIS STAGE OF THE NEGOTIATIONS INVOLVES NOTIFICATIONS AND CONSULTATIONS ONLY, NOT NEGOTIATIONS OR REQUESTS. FORMAL REQUESTS WILL BE PREPARED BASED ON INFORMATION AND COMMENTS RECEIVED DURING THE CONSULTATIONS, AND EVALUATIONS OF THE IMPORTANCE OF SUCH MEASURES TO U.S. TRADE. ACCORDING TO THE TIMETABLE RECENTLY AGREED IN GENEVA, REQUESTS WILL BE MADE ON NOVEMBER 1; OFFERS WILL BE PRESENTED BY THE DEVELOPED COUNTRIES JANUARY 15, 1978, WHILE THE DEVELOPING COUNTRIES WILL TABLE THEIR CONTRIBUTIONS SHORTLY THEREAFTER (PRESUMABLY IN FEBRUARY).
3. A NUMBER OF THE NTM'S IN OUR NOTIFICATIONS CONCERN PRACTICES WHICH THE PRIVATE SECTOR ADVISORY GROUPS HAVE FOUND TO LIMIT THEIR SALES OPPORTUNITIES. THE TRADE ACT OF 1974 REQUIRES THAT THE USG CONSIDER AS MUCH AS POSSIBLE THE RECOMMENDATIONS OF THE ADVISORY COMMITTEES, AND THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS (STR) IS REQUIRED TO INFORM CONGRESS AND THE ADVISORY COMMITTEES OF REASONS FOR NOT ACCEPTING RECOMMENDATIONS. THEREFORE THE USG WOULD LIKE TO NOTIFY AND CONSULT ON AS MANY PRIVATE SECTOR COMPLAINTS AS POSSIBLE. THE FACT THAT WE ARE NOTIFYING DOES NOT COMMIT US TO MAKING REQUESTS ON NOVEMBER 1 OR OFFERS ON JANUARY 15 CONCERNING A PARTICULAR ITEM.

4. FOR REASONS GIVEN ABOVE, WE WOULD LIKE TO NOTIFY AND DISCUSS WITH THE PAKISTAN AND INDIAN DELEGATIONS
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CERTAIN STATE TRADING PRACTICES WHICH HAVE BEEN THE SUBJECT OF RECENT COMPLAINTS FROM THE PRIVATE SECTOR. THE U.S. IS NOTIFYING STATE TRADING PRACTICES OF A NUMBER OF OTHER COUNTRIES, SINCE GATT ARTICLE XVII REQUIRES THAT STATE ENTERPRISES ACT IN A MANNER CONSISTENT WITH THE GENERAL PRINCIPLES OF NON-DISCRIMINATION. IN CONSULTATIONS ON THESE PRACTICES, THE U.S. DELEGATION WILL FOCUS ON THE DISCRIMINATORY SOURCING INVOLVED IN STATE TRADING RATHER THAN THE IDEOLOGY OF FREE VS. STATE ENTERPRISE.

5. FOR NEW DELHI: WE WOULD LIKE TO NOTIFY AND DISCUSS WITH THE INDIAN DELEGATION THE STATE TRADING PRACTICES OF THE STATE TRADING CORPORATION (STC), THE MINERALS AND METALS TRADING CORPORATION (MMTC) AND THE STEEL AND IRON LIMITED (SAIL). BACKGROUND INFORMATION FOR THE U.S. DELEGATION HAS BEEN TAKEN FROM NEW DELHI A-226 (6/19/75) AND A-243 (6/14/74). THREE INDUSTRY SECTOR ADVISORY COMMITTEES ON INDUSTRIAL CHEMICALS AND FERTILIZERS, FERROUS METALS AND PRODUCTS, AND RAILROAD AND MISC. TRANSPORTATION EQUIPMENT, COMPLAIN THAT INDIA'S STATE TRADING PRACTICES ARE MAJOR NON-TARIFF MEASURES. THE

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U.S. AND AUSTRALIA NOTIFIED INDIAN STATE TRADING PRACTICES IN THE GATT NON-TARIFF BARRIERS INVENTORY IN 1973. SINCE THESE STATE CORPORATIONS FOCUS TRADE TOWARD COMECON COUNTRIES, U.S. TRADE OPPORTUNITIES MIGHT BE IMPROVED (AND THE INDIAN CONSUMER MIGHT BENEFIT) FROM SOURCING BASED ON COMMERCIAL CONSIDERATIONS.

6. FOR ISLAMABAD: WE WOULD LIKE TO NOTIFY AND DISCUSS THE STATE TRADING PRACTICES OF THE TRADING CORPORATION OF PAKISTAN (TCP). BACKGROUND INFORMATION FOR OUR DELEGATION HAS BEEN TAKEN FROM ISLAMABAD A-104 (6/27/74), AND RECENT COMPLAINTS OF THE INDUSTRY SECTOR ADVISORY COMMITTEE ON FERROUS METALS AND PRODUCTS. SINCE THE SOURCING POLICIES OF THE TCP ALLEGEDLY DISCRIMINATE IN CONFIDENTIAL

FAVOR OF COMMUNIST COUNTRIES, U.S. TRADE INTERESTS MIGHT BE IMPROVED BY A MORE OPEN SYSTEM OF SOURCING.

7. DEPARTMENT APPRECIATES CURRENT HYPERSENSITIVITY OF GOP TO ANY PERCEIVED CRITICISM OF PAKISTAN ECONOMIC MEASURES OR POLICIES. AT THE SAME TIME, WE PROPOSE TO GO FORWARD WITH NORMAL APPROACH IN THIS ROUTINE PART OF MTN NEGOTIATIONS IN WHICH PAKISTAN IS PARTICIPATING, INCLUDING NOTIFICATIONS AND CONSULTATIONS RE NON-TARIFF BARRIERS TO TRADE. AGREEMENT WAS REACHED IN INTERAGENCY DISCUSSIONS TO PROCEED WITH NOTIFICATION OF PAKISTANI SURCHARGE DESIGNED TO EQUALIZE COST OF IMPORTED PRODUCTS AS BETWEEN HARD CURRENCY SOURCES AND SUPPLIERS UNDER TIED SOFT CURRENCY BARTER ARRANGEMENTS. AT THE SAME TIME, HOWEVER, WE OBTAINED AGREEMENT OF AGENCIES TO DROP NOTIFICATIONS ON PAKISTANI TRADE PREFERENCES FOR TURKEY AND FOR THE UK, BRITISH COLONIES AND SRI LANKA. BECAUSE OF CURRENT POLITICAL SENSITIVITIES AND POTENTIAL FOR IDEOLOGICAL REACTION, WE WOULD LIKE TO HAVE EMBASSY COMMENT ON THIS STATE TRADING NOTIFICATION BEFORE IT IS MADE.

8. REQUEST EMBASSY COMMENTS BY SEPTEMBER 6. FYI - LIKE-LIHOOD OF FAILURE TO ACHIEVE LIBERALIZATION OF NTM'S IS NOT GENERALLY CONSIDERED TO BE A DECIDING FACTOR AGAINST MAKING NOTIFICATIONS. ADDRESSEES ARE ONLY POSTS WHOSE COMMENT IS BEINGREQUESTED;NOTIFICATIONS TO ALL OTHER MTN PARTICIPANTS ARE BEING MADE THIS WEEK. - END FYI. VANCE

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NNN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Executive Order: GS
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Review Withdrawn Fields: n/a
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Status: NATIVE
Subject: NON-TARIFF MEASURES NOTIFICATIONS
TAGS: ETRD, IN, MTN
To: NEW DELHI ISLAMABAD MULTIPLE
Type: TE
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